

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Detroit Downtown Development Authority	County Wayne
Fiscal Year End June 30, 2006	Opinion Date August 15, 2006	Date Audit Report Submitted to State October 3, 2007	

We affirm that:

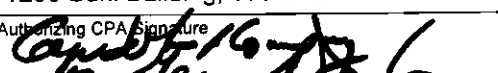
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) George Johnson & Company		Telephone Number (313) 965-2655	
Street Address 1200 Buhl Building, 535 Griswold		City Detroit	State MI
Zip 48226		License Number 1101006025	
Authorizing CPA Signature 		Printed Name George G. Johnson, C.P.A.	

CITY OF DETROIT DOWNTOWN
DEVELOPMENT AUTHORITY
(A Component Unit of the
City of Detroit, Michigan)

FINANCIAL STATEMENTS

June 30, 2006 and 2005

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

August 15, 2006

To the Board of Directors
City of Detroit Downtown Development Authority
Detroit, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Detroit Downtown Development Authority ("DDA"), a component unit of the City of Detroit, Michigan, as of, and for the years ended, June 30, 2006 and 2005, which collectively comprise DDA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of DDA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DDA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of DDA as of June 30, 2006 and 2005, and the respective changes in financial position thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis and schedules of revenue and expenditures - budget and actual (general fund) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.


CERTIFIED PUBLIC ACCOUNTANTS

An Independent Member of the BDO Seidman LLP Alliance

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2006 and 2005

This section of the annual report of the City of Detroit Downtown Development Authority ("DDA") presents management's discussion and analysis of DDA's financial performance during the fiscal years that ended on June 30, 2006 and 2005. Please read it in conjunction with DDA's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

In what was a huge year for the City of Detroit, the work of DDA was on display. With Major League Baseball's All-Star game and the Super Bowl both visiting Detroit in the same fiscal year, a very aggressive timetable for improving the Downtown District was employed. The Lower Woodward Improvement Program, a three-year initiative to build new streetscapes, improve facades on buildings, and provide gap financing, was a resounding success. Woodward Avenue, Washington Boulevard, and Broadway all received a new look. Building owners were able to obtain up to \$150,000 in matching funds to improve the outward appearance of their buildings. The program was such a success that it has been extended to provide new looks to cross-streets, and continued facade improvements.

The Lower Woodward Improvement Program was not alone as a major activity of DDA. The Book Cadillac Project was finally brought to fruition, as a deal with a private developer was achieved. Construction of an office building on top of the Kennedy Garage continued, as did the Campus Martius and the East Riverfront Roads projects. Net assets increased as the program revenue category saw several one-time payments come in.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report contains two types of financial statements. The statements of net assets and statements of activities (which are presented on pages 7 and 8) are considered government-wide financial statements. The balance sheets and statements of revenue, expenditures, and fund balances for governmental funds (which are presented on pages 9, 10, and 12) are considered fund financial statements. A further discussion of each type of statement follows.

Government-Wide Financial Statements

The government-wide financial statements report information about DDA as a whole using accounting methods similar to those used by private-sector companies and non-profit organizations. The statements of net assets include all of DDA's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statements of activities, regardless of when cash is received or paid.

The two government-wide financial statements report DDA's net assets and how they have changed.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2006 and 2005

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements (continued)

Net assets represent the difference between DDA's assets and liabilities, and they represent one way to measure DDA's financial health, or position. Over time, increases or decreases in DDA's net assets are an indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements

The fund financial statements provide more detailed information about DDA's funds, not DDA as a whole. Funds are accounting devices that DDA uses to keep track of specific sources of funding and spending for particular purposes.

Most of DDA's activities are included in governmental funds, which focus on how cash, and other financial assets that can be readily converted to cash, flow in and out, and show the balances left at the end of the year that are available for spending. As such, the fund financial statements provide a detailed short-term view that shows whether there are more or fewer financial resources that can be spent in the near future to finance DDA's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided on pages 11 and 13 that explains the relationship between the fund financial statements and the government-wide financial statements.

The notes to the financial statements, which begin on page 14, explain some of the information in the financial statements and provide more detailed data. A comparison of DDA's general fund revenue and expenditures to its budget is provided on page 40.

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE

Table 1 reflects the condensed statements of net assets as of June 30, 2006, 2005, and 2004:

Table 1
Statements of Net Assets
June 30, 2006, 2005, and 2004
(in millions of dollars)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assets:			
Cash and investments	\$ 82.2	\$ 84.4	\$ 118.8
Notes receivable	23.6	24.1	31.9

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**June 30, 2006 and 2005****FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)****Table 1****Statements of Net Assets (continued)****June 30, 2006, 2005, and 2004***(in millions of dollars)*

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assets (continued):			
Capital assets	\$ 31.3	\$ 32.2	\$ 33.1
Other assets	<u>62.1</u>	<u>62.3</u>	<u>46.6</u>
Total Assets	<u>199.2</u>	<u>203.0</u>	<u>230.4</u>
Liabilities:			
Long-term liabilities:			
Due or expected to be paid within one year	11.8	11.1	10.5
Due or expected to be paid in more than one year	144.9	156.7	167.8
Other liabilities	<u>15.0</u>	<u>16.1</u>	<u>16.0</u>
Total Liabilities	<u>171.7</u>	<u>183.9</u>	<u>194.3</u>
Net Assets (Deficit):			
Invested in capital assets, net of related debt	31.3	32.2	33.1
Restricted for development	-0-	-0-	1.6
Unrestricted	<u>(3.8)</u>	<u>(13.1)</u>	<u>1.4</u>
Total Net Assets	<u>\$ 27.5</u>	<u>\$ 19.1</u>	<u>\$ 36.1</u>

The net assets of DDA increased 44 percent to \$27.5 million. This increase is attributable to several factors. In 2005, DDA had a one-time adjustment to the property tax line item, resulting in a large refund to the State of Michigan. In 2006, taxes were restored to their normal level, in line with recent historical amounts. Program revenue was up this year as DDA received a couple of one-time payments from the Economic Development Corporation of the City of Detroit and the Michigan Strategic Fund for ongoing projects. Expenses in aggregate were in line with the previous year, though the largest share of expenses during the year ending June 30, 2006 was for the Lower Woodward Improvement Program.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2006 and 2005

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

Assets and liabilities balances have remained static between the last two years, with the exception of long-term liabilities, which continue to decrease annually by the debt service payments on the outstanding bonds contract payable.

Table 2 reflects the condensed statements of activities for the years ended June 30, 2006, 2005, and 2004:

Table 2
Statements of Activities
For the Years Ended June 30, 2006, 2005, and 2004
(in millions of dollars)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenue:			
Program revenue	\$ 19.0	\$ 9.4	\$ 11.1
General revenue:			
Property taxes	32.3	18.2	29.1
Other revenue	<u>0.1</u>	<u>0.9</u>	<u>0.7</u>
Total Revenue	51.4	28.5	40.9
Expenses:			
Economic development	<u>43.0</u>	<u>45.5</u>	<u>62.5</u>
Net Increase (Decrease) in Net Assets	8.4	(17.0)	(21.6)
Net Assets, Beginning of Year	<u>19.1</u>	<u>36.1</u>	<u>57.7</u>
Net Assets, End of Year	<u>\$ 27.5</u>	<u>\$ 19.1</u>	<u>\$ 36.1</u>

The principal changes in this table are the increases in revenue due to one-time payments under program revenue, and the return of property taxes to their historical value after a decrease due to a one-year adjustment.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

June 30, 2006 and 2005

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

The following are highlights of the comparison of DDA's general fund revenue and expenditures to its budget, as shown on page 40:

- DDA holds title to the Kennedy Square Garage. DDA expected to receive lease revenue from the garage once construction was completed; however, delays in the process have resulted in a negative variance in income.
- Administrative and operating expenses did not meet budgeted levels due to tight control over parking and contingency-based expenses in the general fund. Professional fees were slightly higher than budgeted due to increased insurance and other fees.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

As of June 30, 2006, DDA held capital assets of \$31.3 million. This balance consisted primarily of various parcels of land, as well as over \$25 million invested in the Kennedy Garage.

DDA had \$157 million in bonds outstanding as of June 30, 2006, which is a decrease of seven percent from June 30, 2005. The decrease is due to debt service payments on the bonds, which were made in accordance with the schedule of payments required in the bond issuance. On July 1, 2006, a scheduled debt service payment was made, further decreasing the outstanding balance of the bonds. This activity is summarized in Note H to the financial statements.

ECONOMIC FACTORS

DDA receives a large majority of its revenue through tax receipts. The economic health of the downtown area has a substantial impact on the level of revenue received. The rebirth of downtown Detroit continues and, as long as it does, DDA should continue to be funded adequately. Projects such as the Lower Woodward Improvement Program should aid in improving the future of downtown Detroit.

FINANCIAL CONTACT

This financial report is designed to present its users with a general overview of DDA's finances and to demonstrate DDA's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the office of the chief financial officer of Detroit Economic Growth Corporation, 500 Griswold, Suite 2200, Detroit, Michigan 48226.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENTS OF NET ASSETS**June 30, 2006 and 2005**

	Governmental Activities	
	2006	2005
Assets:		
Cash (Note A)	\$ 881,319	\$ 1,027,619
Escrow deposits (Note A)	145,794	140,251
Investments (Note A)	81,208,006	83,233,758
Accounts and contracts receivable (net of allowance of \$36,661 in 2006 and 2005)	2,822,972	768,803
Property taxes receivable, net (Note C)	5,517,095	11,626,196
Accrued interest receivable, net (Note B)	870,682	925,810
Notes receivable, net (Notes A and B)	23,579,136	24,120,792
Due from City of Detroit (Note E)	33,600,000	33,600,000
Prepaid expenses	95,564	109,206
Unamortized bond and note issue costs (Note A)	3,307,981	3,469,960
Land contract receivable (no allowance considered necessary (Note F)	1,820,200	1,820,200
Capital assets (Note D):		
Nondepreciable capital assets	7,544,670	7,544,670
Depreciable capital assets, net	23,732,413	24,637,341
Other assets (Note G)	14,070,234	10,021,003
Total Assets	199,196,066	203,045,609
Liabilities:		
Accounts payable	1,315,560	2,433,457
Accrued interest payable	5,931,374	6,287,196
Due to other governmental agencies	630,313	608,147
Property tax advances (Note C)	7,109,778	6,819,044
Other liabilities (Note D)	17,014	16,929
Long-term liabilities (Note H):		
Due or expected to be paid within one year	11,794,697	11,109,697
Due or expected to be paid in more than one year	144,876,073	156,670,770
Total Liabilities	171,674,809	183,945,240
Net Assets (Deficit):		
Invested in capital assets, net of related debt	31,277,083	32,182,011
Unrestricted	(3,755,826)	(13,081,642)
Total Net Assets	\$ 27,521,257	\$ 19,100,369

See notes to financial statements.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENTS OF ACTIVITIES**For the Years Ended June 30, 2006 and 2005**

	Governmental Activities	
	2006	2005
Expenses:		
Economic development program:		
Project costs	\$ 23,106,717	\$ 26,300,137
Administrative and operating expenses (Note A)	4,024,501	3,208,097
Interest expense	11,862,754	12,574,393
Professional fees	381,040	404,434
Provision for uncollectible loans and taxes (Notes B and C)	2,558,775	1,914,653
Amortization of bond and note issue costs (Note A)	161,979	161,979
Depreciation (Note D)	904,928	904,809
Total Program Expenses	43,000,694	45,468,502
Program Revenue:		
Economic development program	19,018,000	9,311,503
Total Program Revenue	19,018,000	9,311,503
Net Program Expense	23,982,694	36,156,999
General Revenue:		
Property taxes (Note C)	32,299,042	18,238,362
Other revenue	104,540	872,073
Total General Revenue	32,403,582	19,110,435
Net Increase (Decrease) in Net Assets	8,420,888	(17,046,564)
Net Assets, Beginning of Year	19,100,369	36,146,933
Net Assets, End of Year	\$ 27,521,257	\$ 19,100,369

See notes to financial statements.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

BALANCE SHEETS - GOVERNMENTAL FUNDS

June 30, 2006 and 2005

	2006				2005			
	General Fund	Development Fund	Debt Service Fund	Total All Funds	General Fund	Development Fund	Debt Service Fund	Total All Funds
ASSETS								
Cash (Note A)	\$ 15,458	\$ 865,861	\$ -0-	\$ 881,319	\$ 17,332	\$ 1,010,287	\$ -0-	\$ 1,027,619
Escrow deposits (Note A)		145,794		145,794		140,251		140,251
Investments (Note A)	359,019	67,830,011	13,018,976	81,208,006	916,290	75,674,142	6,643,326	83,233,758
Accounts and contracts receivable (net of allowance of \$36,661 in 2006 and 2005 in the general fund)								
Property taxes receivable, net (Note C)	330,710	2,492,262		2,822,972	35,542	733,261		768,803
Accrued interest receivable, net (Note B)	810,000		4,707,095	5,517,095	872,629		10,753,567	11,626,196
Notes receivable, net (Notes A and B)		870,682		870,682		925,810		925,810
Due from City of Detroit (Note E)		23,579,136		23,579,136		24,120,792		24,120,792
Prepaid expenditures	95,564	33,600,000		33,600,000	109,206	33,600,000		33,600,000
Other assets (Note G)		14,070,234		14,070,234	35,000	9,986,003		10,021,003
Total Assets	\$ 1,610,751	\$ 143,453,980	\$ 17,726,071	\$ 162,790,802	\$ 1,985,999	\$ 146,190,546	\$ 17,396,893	\$ 165,573,438

See notes to financial statements.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

BALANCE SHEETS - GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2006 and 2005

	2006				2005			
	General Fund	Development Fund	Debt Service Fund	Total All Funds	General Fund	Development Fund	Debt Service Fund	Total All Funds
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 172,582	\$ 1,142,978	\$ -0-	\$ 1,315,560	\$ 174,402	\$ 2,259,055	\$ -0-	\$ 2,433,457
Accrued interest payable			5,931,374	5,931,374			6,287,196	6,287,196
Due to other governmental agencies		630,313		630,313		608,147		608,147
Property tax advances (Note C)		7,109,778		7,109,778		6,819,044		6,819,044
Maturing bonds contract payable (Note H)			11,794,697	11,794,697			11,109,697	11,109,697
Other liabilities (Note I)		17,014		17,014		16,929		16,929
Total Liabilities	172,582	8,900,083	17,726,071	26,798,736	174,402	9,703,175	17,396,893	27,274,470
Fund Balances:								
Reserved for development		134,553,897		134,553,897		136,487,371		136,487,371
Reserved for prepaid expenditures	95,564			95,564	109,206			109,206
Unreserved	1,342,605			1,342,605	1,702,391			1,702,391
Total Fund Balances	1,438,169	134,553,897	-0-	135,992,066	1,811,597	136,487,371	-0-	138,298,968
Total Liabilities and Fund Balances	\$ 1,610,751	\$ 143,453,980	\$ 17,726,071	\$ 162,790,802	\$ 1,985,999	\$ 146,190,546	\$ 17,396,893	\$ 165,573,438

See notes to financial statements.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

**RECONCILIATIONS OF GOVERNMENTAL FUNDS BALANCE SHEETS TO
STATEMENTS OF NET ASSETS**

June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Total Fund Balances, Governmental Funds	\$ 135,992,066	\$ 138,298,968
<p>Amounts reported for governmental activities in the statements of net assets differ from amounts reported in the governmental funds balance sheets due to the following:</p>		
<p>Long-term accounts receivable applicable to governmental activities are not due and collectible in the current period and, therefore, are not reported in the funds. These assets consist of the following:</p>		
Land contract receivable	1,820,200	1,820,200
<p>Long-term costs used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:</p>		
Unamortized bond and note issue costs	3,307,981	3,469,960
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:</p>		
Nondepreciable capital assets	7,544,670	7,544,670
Depreciable capital assets:		
Cost	26,833,841	26,833,841
Less: Accumulated depreciation	(3,101,428)	(2,196,500)
<p>Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of the following:</p>		
Contract and bonds contract payable	<u>(144,876,073)</u>	<u>(156,670,770)</u>
Total Net Assets, Governmental Activities	<u>\$ 27,521,257</u>	<u>\$ 19,100,369</u>

See notes to financial statements.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Years Ended June 30, 2006 and 2005

	2006				2005			
	General Fund	Development Fund	Debt Service Fund	Total All Funds	General Fund	Development Fund	Debt Service Fund	Total All Funds
Revenue:								
Property taxes (Note C)	\$ 819,592	\$ 19,684,753	\$ 11,794,697	\$ 32,299,042	\$ 869,778	\$ 6,258,887	\$ 11,109,697	\$ 18,238,362
Other revenue	104,540	19,018,000		19,122,540	872,073	9,311,503		10,183,576
Total Revenue	924,132	38,702,753	11,794,697	51,421,582	1,741,851	15,570,390	11,109,697	28,421,938
Expenditures:								
Current:								
Project costs		23,106,717		23,106,717		26,300,137		26,300,137
Administrative and operating expenses (Note A)	1,916,520	2,107,981		4,024,501	1,963,600	1,244,497		3,208,097
Interest expense		11,862,754		11,862,754		12,574,393		12,574,393
Professional fees	381,040			381,040	404,434			404,434
Provision for uncollectible loans and taxes (Notes B and C)		2,558,775		2,558,775		1,914,653		1,914,653
Debt service (Note H)			11,794,697	11,794,697			11,109,697	11,109,697
Capital outlay (Note D)			-0-	-0-		10,000		10,000
Total Expenditures	2,297,560	39,636,227	11,794,697	53,728,484	2,368,034	42,043,680	11,109,697	55,521,411
Excess (Deficiency) of Revenue over Expenditures	(1,373,428)	(933,474)	-0-	(2,306,902)	(626,183)	(26,473,290)	-0-	(27,099,473)
Other Financing Sources (Uses):								
Interfund transfers	1,000,000	(1,000,000)		-0-	990,000	(990,000)		-0-
Net Increase (Decrease) in Fund Balances	(373,428)	(1,933,474)	-0-	(2,306,902)	363,817	(27,463,290)	-0-	(27,099,473)
Fund Balances, Beginning of Year	1,811,597	136,487,371	-0-	138,298,968	1,447,780	163,950,661	-0-	165,398,441
Fund Balances, End of Year	\$ 1,438,169	\$ 134,553,897	\$ -0-	\$ 135,992,066	\$ 1,811,597	\$ 136,487,371	\$ -0-	\$ 138,298,968

See notes to financial statements.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

**RECONCILIATIONS OF GOVERNMENTAL FUNDS STATEMENTS OF REVENUE,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENTS OF
ACTIVITIES****For the Years Ended June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Net Increase (Decrease) in Fund Balances, Governmental Funds	\$ (2,306,902)	\$ (27,099,473)
Amounts reported for governmental activities in the statements of activities differ from amounts reported in the governmental funds statements of revenue, expenditures, and changes in fund balances due to the following:		
Capital outlays are reported as expenditures in governmental funds. However, in the statements of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. During the years presented, these amounts are as follows:		
Capital outlay	-0-	10,000
Less: Depreciation expense	(904,928)	(904,809)
Bond and note issue costs are reported as expenditures in governmental funds. However, in the statements of activities, bond and note issue costs are allocated over the lives of the related debts as amortization expense. During the years presented, these amounts are as follows:		
Amortization expense	(161,979)	(161,979)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statements of net assets. During the years presented, these amounts are as follows:		
Repayment of bonds contract payable	<u>11,794,697</u>	<u>11,109,697</u>
Net Increase (Decrease) in Net Assets, Governmental Activities	<u>\$ 8,420,888</u>	<u>\$ (17,046,564)</u>

See notes to financial statements.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Purpose

The City of Detroit Downtown Development Authority ("DDA") was created by the Detroit City Council by Ordinance No. 119-H on May 20, 1976, under the provisions of Act 197, Public Acts of Michigan of 1975. DDA was established for the purpose of promoting and developing economic growth in the downtown business district of the City of Detroit, Michigan (the "City"). DDA has been authorized to fund its activities by an ad valorem tax of one mill on real and tangible personal property not exempt by laws in the downtown development district, and the issuance of negotiable revenue and tax increment obligations to finance the development activities of DDA.

DDA may issue tax increment bonds and may not pledge for annual debt service requirements for any one year amounts in excess of 80 percent of the estimated tax increment revenue to be received from the development district for that year, or may pledge solely the tax increments of the project for which the bonds had been issued, and any other revenue for which DDA may specifically pledge.

For financial reporting purposes, DDA is a component unit of the City because the members of DDA's Board of Directors are appointed by the City's mayor and are confirmed by the Detroit City Council, which approves DDA's budget. There are no fiduciary funds or component units included in the accompanying financial statements.

Basis of Presentation

The financial statements of DDA consist of government-wide financial statements, which include the statements of net assets and statements of activities, and fund financial statements, which include the balance sheets and statements of revenue, expenditures, and fund balances for governmental funds.

Government-Wide Financial Statements

The government-wide financial statements report information about all of DDA's assets, liabilities, net assets, revenue, and expenses, similar to the financial statements of non-governmental enterprises.

Fund Financial Statements

For purposes of the fund financial statements, the accounts of DDA are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue, and expenditures. The various funds are summarized by type in the fund financial statements.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fund Financial Statements (continued)

The following funds are used by DDA:

General Fund

The general fund is the general operating fund of DDA. It is used to account for all financial resources other than those required to be accounted for in another fund.

Development Fund

The development fund is used to account for financial resources to be used for the acquisition or construction of capital projects. DDA finances its development plan by capturing the tax proceeds on the increase in assessed value within the tax increment district located within the downtown area. Funds raised from this levy are restricted for use within the tax increment district pursuant to the Tax Increment Financing Plan.

Debt Service Fund

The debt service fund accounts for the servicing of general long-term obligations not being financed by proprietary or similar trust funds.

Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Accordingly, revenue is recorded when earned, and expenses are recorded when incurred. Grants and other revenue intended for use within the development fund are classified as program revenue. All other revenue, including all property tax revenue, is classified as general revenue.

Fund Financial Statements

The fund financial statements are prepared on the modified accrual basis of accounting using the flow of current financial resources as a measurement focus.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Fund Financial Statements (continued)

Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual, which is when it is both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred, if measurable. In applying the susceptible-to-accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Monies virtually unrestricted as to purpose of expenditure and revocable only for failure to comply with prescribed compliance requirements are reflected as revenue at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Administration

For the years ended June 30, 2006 and 2005, DDA entered into agreements with Detroit Economic Growth Corporation ("DEGC") for administrative and professional services at an annual cost not to exceed \$1,500,000 and \$1,400,000 for the years ended June 30, 2006 and 2005, respectively. These expenditures are reflected in administrative expenses for services rendered for each year.

Accounting for Notes Receivable

DDA is in the business of loaning funds to various companies for which, in some cases, the collection process does not begin immediately. In those instances, the collection process may not begin for a number of years. DDA provides a reserve for these loans if and when the loans are deemed to be partially or fully uncollectible. Due to the nature of the collection terms on these loans, recoverability of these loans may be uncertain and, furthermore, may not be evident for a number of years. The ultimate collectibility of these loans is dependent upon the long-term viability of these companies.

Grant Revenue

Grant revenue is recognized when expenses that are reimbursable under an agreement with the funding source are incurred.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Deposits

State of Michigan statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts be made with banks doing business and having a place of business in the State of Michigan that are also members of a federal or national insurance corporation.

Custodial credit risk is the risk that, in the event of a bank failure, DDA's deposits may not be returned to DDA. DDA does not have a deposit policy for custodial credit risk.

As of June 30, 2006 and 2005, DDA's carrying amount of deposits and bank balances, and the bank balances that are not covered by federal depository insurance, are as follows:

	<u>2006</u>	<u>2005</u>
Carrying amount of deposits	\$ 881,319	\$ 1,027,619
Total bank balances	<u>\$ 1,039,702</u>	<u>\$ 2,609,702</u>
Uninsured and uncollateralized bank balances	<u>\$ 829,702</u>	<u>\$ 2,399,702</u>

Investments

Investments are recorded at fair value, based on quoted market prices. As of June 30, 2006 and 2005, DDA's investments are classified as follows:

	<u>2006</u>	<u>2005</u>
Investments held by the counterparty's trust department or agent in DDA's name:		
Money market funds:		
AAAm rating from Standard & Poor's:		
First American Treasury Obligations Fund, Class Y (weighted average maturity of three days)	\$ 67,665,688	\$ 64,952,405
Federated Government Obligations Fund:		
Maturity date June 30, 2006	3,152,631	-0-
Maturity date June 30, 2005	-0-	2,573,910
J.P. Morgan U.S. Treasury Plus Money Market Fund (weighted average maturity of 17 days)	34,362	101,180

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**June 30, 2006 and 2005****NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Investments (continued)**

	<u>2006</u>	<u>2005</u>
Investments held by the counterparty's trust department or agent in DDA's name (continued):		
Money market funds (continued):		
P-1 rating from Standard & Poor's:		
Comerica Governmental Cash Investment Fund		
(weighted average maturity of 21 days)	\$ 3,277,625	\$ 3,556,411
Total Money Market Funds	<u>74,130,306</u>	<u>71,183,906</u>
U.S. Treasury bills:		
Maturity date August 15, 2006	1,025,050	-0-
Maturity date October 31, 2005	<u>-0-</u>	<u>6,028,127</u>
Total U.S. Treasury Bills	<u>1,025,050</u>	<u>6,028,127</u>
Repurchase agreements:		
First Independence National Bank	<u>6,052,650</u>	<u>6,021,725</u>
Total Investments	<u>\$ 81,208,006</u>	<u>\$ 83,233,758</u>

State of Michigan statutes authorize DDA to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies, commercial paper rated prime at the time of purchase and maturing not more than 270 days from the date of purchase, bankers acceptances and certificates of deposit issued or created by any state or national bank insured with the applicable federal agency, investment pools authorized by the Surplus Funds Investment Act, and mutual funds composed entirely of the above investments. DDA has no investment policy that would further limit its investment options.

DDA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, DDA will not be able to recover the value of its investments that are in the possession of an outside party. DDA places no limit on the amount it may invest in any one issuer. Investments that represent five percent or more of DDA's total investments are identified in the preceding schedule.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Escrow Deposits

Escrow deposits are monies which are held in an escrow account administered by a financial institution designated by DDA and are used specifically for a development project. Interest earnings are either capitalized for future development use or are remitted to DDA upon notice. In both cases, interest earnings are recognized as interest income by DDA. Escrow deposits as of June 30, 2006 and 2005 are for the Monroe Garage project.

Unamortized Bond and Note Issue Costs

The costs of issuing the outstanding 1996 and 1998 DDA Tax Incremental bonds (see Note H for details), other than the bond discount, are capitalized on the statements of net assets and are classified as unamortized bond and note issue costs by DDA. They are amortized to financing costs on a ratable basis over the lives of the related debts.

Capital Assets

Capital assets are recorded at historical cost. DDA capitalizes all expenditures for land, buildings, equipment, fixtures, and improvements in excess of \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings	40 years
Equipment and fixtures	7-25 years
Leasehold improvements	9-40 years

Expenditures for maintenance and repairs are charged to expense. Renewals or betterments which extend the life or increase the value of the properties are capitalized.

Interfund Transactions and Eliminations

Interfund transactions are recorded as a payable by the receiving fund and as a receivable by the advancing fund in the fund financial statements. All interfund transactions and balances have been eliminated in the accompanying financial statements.

Allowance for Doubtful Notes Receivable

DDA charges notes receivable to the allowance for doubtful notes receivable when it is probable that a note receivable is impaired (that is, when DDA will be unable to collect all amounts due according to the contractual terms of the agreement).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Doubtful Notes Receivable (continued)

Changes in the present value of an obligation's expected future cash flows from one reporting period to the next are recorded as additions or reductions to the allowance for doubtful notes receivable. DDA also includes in the allowance for doubtful notes receivable a general provision based on DDA's historical recovery of these receivables.

Development Fund Projects

DDA is currently involved in several major projects, which primarily include the following:

- Riverfront Residential Project
- Trappers Alley
- Madison Center
- Congress/First Street Hotel Development - Cobo Hall Expansion
- Theater District
- Annis Fur Building Development
- International Hotel
- Ramada/Leland Downtown Hotel
- Harmonie Park Project
- Merchants Row
- Michigan Opera Theatre
- Hilton Garden Inn
- Music Hall Center for the Performing Arts
- Stadia Complex
- Lower Woodward Initiative
- Campus Martius
- East Riverfront District
- Riverfront Promenade
- Kales Building
- Kennedy Square Office Building
- 1001 Woodward Parking Garage
- Au Bon Pain
- Sportsland, Inc.
- Michigan Opera Garage
- Book Cadillac Project
- Broadway Property and Partners
- Lafer Building

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Development Fund Projects (continued)

- Vinton Building
- Mobius Microsystems
- Development Financing Small Business Loan Transactions Program:
 - On Wheels, Inc.
 - Rootlevel
 - SVM Development Corporation
 - Cloud Nine Entertainment
 - Fieldstone Properties
 - Opus to Go, L.L.C.
 - Seldom Blues
 - Brush Street, L.L.C.
 - Marmalade Enterprises
 - Diversified Restaurant Group
 - Vincente III, L.L.C.
 - Dunwright, L.L.C.
 - Detroit Breakfast House

NOTE B - NOTES RECEIVABLE

DDA's portfolio of notes receivable as of June 30, 2006 and 2005 is as follows:

Madison Center Limited Partnership

This is a UDAG promissory note dated September 1, 1984, which is secured by a mortgage. Interest only is payable (at 11 percent) through October 1, 1990; the note is payable with interest and principal four times annually in the amount of \$122,335 through February 1, 2011, at which time the entire balance and accrued interest is due. The first payment was due January 1, 1988.

Trappers Alley Limited Partnership

Two notes receivable have been issued to Trappers Alley Limited Partnership:

- DDA issued a mortgage note over 40 years, dated December 27, 1983, which is secured by property, with interest at 12 percent. Interest only is payable, to the extent there is sufficient cash flow, for the first 20 years, beginning January 2, 1987; the note is fully amortized over the remaining 20 years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE B - NOTES RECEIVABLE (CONTINUED)

Trappers Alley Limited Partnership (continued)

- DEGC issued a promissory note, dated December 27, 1983; DDA purchased the note from DEGC on June 25, 1987. This note bears annual interest of 11.25 percent and is secured by the borrower's property. DDA has strong concerns regarding the recovery of this loan, as this project has had continuous operating losses. The current underutilization of the space (only two floors of the five-story structure are being used) adds to these concerns. Unpaid interest has been accrued on this loan.

Randolph Center Limited Partnership

This is a UDAG promissory note dated July 6, 1992, secured by a mortgage. There is no fixed interest rate, but annual payments equal to 15 percent of net annual cash flow are to be made as contingent interest. The entire amount is due 15 years from the completion date of the loan, or no later than August 30, 2008.

Little Caesar Enterprises, Inc.

This is a promissory note dated October 16, 1987, secured by property. The note is payable in annual installments, based on principal only, commencing on December 31, 1992, with the entire remaining principal balance due on December 31, 2007. Interest shall accrue at two percent above Bank One's prime rate only upon an event of default, as defined by the loan agreement.

Annis Historic Properties

This is a promissory note dated August 28, 1988, secured by property, amended on December 9, 1998 and on November 19, 2003. Under the amended terms, interest accrues at a rate of six percent per annum. Principal and interest payments are due monthly. Payments are based upon a 30-year amortization schedule, with a balloon payment due on December 15, 2008 of all outstanding principal and interest.

Tobin-Harmonie Park Limited Partnership

This is a UDAG promissory note dated July 6, 1992, secured by a mortgage. There is no fixed interest rate, but annual payments equal to 15 percent of net annual cash flow are to be made as contingent interest. The entire amount is due 15 years from the completion date of the loan, or no later than August 30, 2008.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE B - NOTES RECEIVABLE (CONTINUED)

Charles A. Forbes

This is a promissory revolving loan note dated February 13, 1990, as amended on May 29, 1997 and again amended on March 1, 1999, secured by a mortgage on various properties. The note does not bear interest. The loan is to be repaid in 19 equal annual installments of \$177,500, commencing on December 31, 1999 and continuing through December 31, 2017, with one final installment of \$27,500 due on December 31, 2018.

SVM Development Corporation

Four notes receivable have been issued to SVM Development Corporation:

- DDA issued a promissory note dated January 29, 1992, secured by a mortgage. No fixed interest shall be charged on the loan. Contingent interest shall be due and payable annually based on the net annual cash flow percentage and the net proceeds percentage. There is no requirement to make principal payments during the loan term. By August 16, 2007, the note shall be payable in one balloon payment sufficient to pay off the entire principal balance and any interest due.
- DDA issued another promissory note dated March 29, 1995, secured by a mortgage. No fixed interest shall be charged on the loan. Contingent interest shall be due and payable annually based on the net annual cash flow percentage and the net proceeds percentage. There is no requirement to make principal payments during the loan term. By December 31, 2011, the note shall be payable in one balloon payment.
- DDA issued a UDAG promissory note dated November 9, 1995, secured by a second position mortgage. The term of the loan is for 15 years with no interest. No principal payments are required until the loan matures. Contingent interest due annually on the loan equals 15 percent of net annual cash flow and 15 percent of net proceeds from refinancing or sale.
- DDA issued a Small Business Loan Transactions Program promissory note dated January 29, 1992, secured by a mortgage and a personal guaranty agreement. No fixed interest shall be charged on the loan. Contingent interest shall be due and payable annually based on the net annual cash flow percentage and the net proceeds percentage. There is no requirement to make principal payments during the loan term. By August 16, 2007, the note shall be payable in one balloon payment sufficient to pay off the entire principal balance and any interest due.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE B - NOTES RECEIVABLE (CONTINUED)

400 Monroe Associates

This is a UDAG promissory note dated February 25, 1988, secured by a mortgage and payable over 15 years. Interest payments are deferred and shall not accrue for years one and two. Interest only is payable in years three through five, and the repayment of principal and interest thereafter shall be payable in monthly installments, based on a 25-year amortization schedule, with a balloon payment in year 15 sufficient to pay off the remaining principal balance plus accrued interest thereon. Interest is payable at three percent per annum. The project was completed July 31, 1992.

Leland House Limited Partnership Company

This is a final promissory note dated July 9, 1991, secured by a mortgage and security agreement. The bankruptcy confirmation order, dated September 27, 1993, restricted the payment on debts so that DDA and the City shall share the payments (no payments in years one through five, \$30,000 per year in years six and seven, \$60,000 per year in years eight through 28, and \$90,000 per year in years 29 and 30) on a prorata basis.

KWA I, L.L.C.

This is a promissory note dated May 30, 2003 for residential loft and ground floor retail development. A payment of \$3,750,000 is due seven years from the project closing, with the balance to be repaid via single business tax credits or sale proceeds.

Music Hall Center for the Performing Arts

This is a promissory note dated October 11, 1995, secured by a second position assignment of fee income and a third mortgage on the related real property. Payments of interest only are due for the first two years of this loan; thereafter, fully amortizing principal and interest payments are due for the next 13 years. The note bears an interest rate of 6.5 percent per annum.

Opus to Go, L.L.C.

This is a promissory note dated August 6, 1999, secured by a second lien on receivables, a second position on all asset filings, a second assignment of a lease, and the personal guarantees of the principals of the business. This is a fully amortizing 10-year loan. Interest is payable monthly in arrears and accrues from the date of closing at a rate of five percent per annum.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE B - NOTES RECEIVABLE (CONTINUED)

1529 Broadway, L.L.C.

This is a promissory note dated April 17, 2003, secured by a third mortgage and a corporate guaranty. Payments of interest only are due through May 1, 2005. Payments of principal and interest are due monthly beginning June 1, 2005 and continuing through April 1, 2018. The loan bears an interest rate of five percent per annum, with a balloon payment of the remaining principal balance plus interest due on May 1, 2018.

DHG Associates Limited Partnership

This is a term note dated April 1, 2003, secured by a second mortgage and personal and corporate guarantees. Interest accrues at various rates. At the close of the permanent loan, the borrower shall make a payment of accrued interest. Payments of interest only will be made quarterly until June 30, 2007. Quarterly payments of principal and interest will follow until June 30, 2010, when a balloon payment of the outstanding principal and interest balance will be due.

Brush Street, L.L.C.

This is a promissory note dated October 27, 2000, secured by real property and the personal guarantees of the owners. Payments of principal and interest are due monthly on the loan. The loan bears an interest rate of five percent per annum, with a balloon payment of the remaining principal balance plus interest due on November 1, 2005.

Fieldstone Properties

This is a promissory note dated April 5, 2002, secured by real property and the personal guarantees of the owners. Payments of interest only are due for the first six months, followed by monthly payments of principal and interest. The loan bears an interest rate of five percent per annum, with a balloon payment of the remaining principal balance plus interest due on April 1, 2012.

1521 Broadway, L.L.C.

This is a promissory note for construction purposes, dated June 26, 2002, secured by real property. No fixed interest is charged on the loan. Repayment is due seven years from the issuance of a final certificate of occupancy for the project, or seven years from the date the borrower converts the construction portion of the bank debt into a permanent loan.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE B - NOTES RECEIVABLE (CONTINUED)

Rootlevel

This is a promissory note dated March 20, 2002, secured by the borrower's accounts receivable, other assets, and the personal guarantees of the owners. Payments of principal and interest are due monthly on the loan. The loan bears an interest rate of four percent per annum, with a final payment date of April 1, 2007.

Cloud Nine Entertainment

This is a promissory note dated May 23, 2002, secured by corporate guarantees and the personal guarantees of the owners. No interest accrues, and no payments are due for the first 12 months of the note. Commencing June 1, 2003, payments of principal and interest are due monthly on the loan. The loan bears an interest rate of four percent per annum, with a final payment date of May 1, 2009.

On Wheels, Inc.

This is a promissory note dated August 30, 2001, secured by real property and the personal guarantee of the owner. Payments of principal and interest are due monthly on the loan. The loan bears an interest rate of five percent per annum, with a balloon payment of the remaining principal balance plus interest due on September 1, 2006.

Kales Building, L.L.C.

This is a construction loan disbursed over the course of the year ended June 30, 2004. The loan will be converted to a permanent loan on the earlier of September 2, 2006 or a conversion date whereby all permanent loan conditions have been met. Repayment of principal will be due on the earlier of September 2, 2013 or seven years from the conversion date.

Seldom Blues, L.L.C.

This is a promissory note, dated May 5, 2004, secured by equipment and the personal guarantee of the owner. Payments of interest only are due for the first 12 months of the loan. After that, payments of principal and interest will be made monthly through and including May 1, 2011. Interest accrues at the rate of four percent per annum.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE B - NOTES RECEIVABLE (CONTINUED)

Redico

This is a promissory note, dated May 6, 2005, for construction of a building on top of a garage owned by DDA. The repayment schedule is contingent upon the cash flow of the developer. Interest accrues at the rate of five percent per annum.

1001 Woodward Parking Garage

This is a promissory note, dated July 26, 2004, secured by a parking garage. The loan is interest-free for the first two years, then bears interest at a rate of one percent per annum, amortized over 13 years, with a balloon payment for the remaining unpaid balance due in 2014.

Sportsland, Inc.

This is a promissory note to a retailer, dated December 23, 2004, secured by equipment and an assignment of a lease. The repayment schedule is contingent upon the retailer's gross sales.

Michigan Opera Garage

This is a promissory note, dated December 8, 2004, secured by a second mortgage. Repayment is due under two separate schedules. \$226,000 of the loan is interest-free for 36 months, then accrues interest at five percent per annum, amortized over 15 years, with a balloon payment for the unpaid balance due in 10 years. The remaining \$800,000 of the loan is interest-free during the term of the first position debt, then accrues interest at four percent per annum with fully amortizing payments thereafter.

Au Bon Pain

This is a promissory note, dated December 13, 2004, secured by equipment and personal guarantees. The note has a 10-year term, with payments of interest only due during the first year, followed by payments of principal and interest over a nine-year amortization period. No interest is charged for the first three months, and then accrues at four percent per annum thereafter.

Marmalade Enterprises

This is a promissory note, dated June 30, 2005, secured by a parking garage and personal guarantees. The loan has a 10-year term and is fully amortizing. Interest accrues at four percent per annum.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE B - NOTES RECEIVABLE (CONTINUED)

Diversified Restaurant Group

This is a promissory note, dated May 12, 2005, secured by equipment and personal guarantees. The loan has a term of five years, with payments of interest only due during the first year, followed by payments of principal and interest over a nine-year amortization period. A balloon payment is due at the end of the fifth year. No interest is charged for the first three months, and then accrues at four percent per annum thereafter.

Vincente III, L.L.C.

This is a promissory note, dated October 12, 2004, secured by a second mortgage, equipment, and a personal guarantee, with payments of interest only due during the first year, followed by payments of principal and interest over a nine-year amortization period. A balloon payment is due at the end of the seventh year. No interest is charged for the first three months, and then accrues at four percent per annum thereafter.

Dunwright, L.L.C.

This is a promissory note, dated March 21, 2005, secured by equipment and a personal guarantee, with payments of interest only due during the first year, followed by payments of principal and interest over a nine-year amortization period. A balloon payment is due at the end of the fifth year. No interest is charged for the first three months, and then accrues at four percent per annum thereafter.

Detroit Breakfast House

This is a promissory note, dated May 2, 2005, secured by equipment and personal guarantees, with payments of interest only due during the first year, followed by payments of principal and interest over a nine-year amortization period. No interest is charged for the first three months, and then accrues at four percent per annum thereafter.

Book Cadillac Remediation

This is an unsecured loan for the interior demolition and remediation of the Book Cadillac Hotel. Proceeds for this loan were issued prior to June 30, 2005. No interest or payments are due on this loan. The loan will be forgiven upon the completion of several covenants by the borrower.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE B - NOTES RECEIVABLE (CONTINUED)

Book Cadillac Redevelopment

This is a loan for the renovation of the Book Cadillac Hotel. Proceeds for this loan were issued prior to June 30, 2005. It is secured by a fourth position on the building. Contingent interest payments at five percent per annum are due, based on available cash flow. A balloon payment is due at the end of the 30th year.

Broadway Property and Partners

This is a promissory note, dated February 8, 2006, secured by a second mortgage, a second position Uniform Commercial Code filing, and the personal guarantees of the owners. No annual payments are due; a balloon payment is due seven years from the date of closing.

Lafer Building

This is a nonrecourse loan. No payments are due until seven years from the date of closing, at which time payments of interest only will be due at the same rate as the interest rate on the first position debt. The principal balance will balloon and be due 9.5 years after the date of closing.

Vinton Building

This is a promissory note, dated September 9, 2005, secured by the personal guarantees of the owners. The principal balance of the note will become due and payable upon issuance of a certificate of completion.

Mobius Microsystems

This is a forgivable loan, dated July 1, 2005. DDA provides a monthly amount up to \$75 for each employee's parking space, up to a maximum of \$72,000 per year. Mobius Microsystems ("Mobius") must provide proof of payment for parking and evidence of employment for those employees that DDA will reimburse for parking. Any violation of the covenants with DDA would result in a full repayment by Mobius.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**June 30, 2006 and 2005****NOTE B - NOTES RECEIVABLE (CONTINUED)**

The outstanding balances on these notes receivable are as follows as of June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Madison Center Limited Partnership	\$ 3,250,000	\$ 3,250,000
Trappers Alley Limited Partnership:		
DDA loan	2,800,000	2,800,000
DEGC loan	982,170	982,170
Randolph Center Limited Partnership	1,555,000	1,555,000
Little Caesar Enterprises, Inc.	187,251	637,251
Annis Historic Properties	1,119,261	1,134,458
Tobin-Harmonie Park Limited Partnership	1,425,000	1,425,000
Charles A. Forbes	2,157,500	2,335,000
SVM Development Corporation:		
DDA promissory notes:		
January 29, 1992 loan	900,000	900,000
March 29, 1995 loan	1,000,000	1,000,000
UDAG promissory note	1,440,000	1,440,000
Small Business Loan Transactions Program		
promissory note	300,000	300,000
400 Monroe Associates	3,495,646	3,661,219
Leland House Limited Partnership Company	979,648	979,648
KWA I, L.L.C.	4,750,000	4,750,000
Music Hall Center for the Performing Arts	153,475	182,461
Opus to Go, L.L.C.	74,399	97,283
1529 Broadway, L.L.C.	725,677	746,343
DHG Associates Limited Partnership	4,042,692	4,042,692
Brush Street, L.L.C.	173,954	178,867
Fieldstone Properties	183,415	189,672
1521 Broadway, L.L.C.	500,000	500,000
Rootlevel	166,258	166,258
Cloud Nine Entertainment	156,108	167,730
On Wheels, Inc.	95,128	105,982
Kales Building, L.L.C.	1,250,000	1,250,000
Seldom Blues, L.L.C.	383,969	395,075
Redico	3,200,000	3,200,000
1001 Woodward Parking Garage	500,000	500,000
Sportsland, Inc.	200,000	200,000

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE B - NOTES RECEIVABLE (CONTINUED)

	<u>2006</u>	<u>2005</u>
Michigan Opera Garage	\$ 1,026,000	\$ 1,026,000
Au Bon Pain	150,000	150,000
Marmalade Enterprises	184,808	200,000
Diversified Restaurant Group	119,075	120,000
Vincente III, L.L.C.	190,000	190,000
Dunwright, L.L.C.	150,000	150,000
Detroit Breakfast House	200,000	200,000
Book Cadillac Remediation	5,800,000	-0-
Book Cadillac Redevelopment	5,700,000	-0-
Broadway Property and Partners	750,000	-0-
Lafer Building	420,000	-0-
Vinton Building	250,000	-0-
Mobius Microsystems	3,300	-0-
	<u>53,089,734</u>	<u>41,108,109</u>
Less: Allowance for doubtful notes receivable	<u>(29,510,598)</u>	<u>(16,987,317)</u>
Net Notes Receivable	<u>\$ 23,579,136</u>	<u>\$ 24,120,792</u>

Accrued interest receivable on these notes receivable as of June 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Accrued interest receivable	\$ 3,401,353	\$ 3,345,987
Less: Allowance for doubtful interest receivable	<u>(2,530,671)</u>	<u>(2,420,177)</u>
Net Accrued Interest Receivable	<u>\$ 870,682</u>	<u>\$ 925,810</u>

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE B - NOTES RECEIVABLE (CONTINUED)

Changes in the allowances for doubtful notes and interest receivable are as follows for the years ended June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Balance, beginning of year	\$ 19,407,494	\$ 34,322,928
Additions:		
Provision for new loans whose proceeds were issued prior to June 30, 2005	10,075,000	-0-
Other additions	2,558,775	1,914,653
Less: Write-off of uncollectible notes receivable	<u>-0-</u>	<u>(16,830,087)</u>
Balance, End of Year	<u>\$ 32,041,269</u>	<u>\$ 19,407,494</u>

Because of the long-term nature of these notes receivable and the uncertainty of the time of collection on many of these notes receivable, the fair value of these notes receivable as of June 30, 2006 and 2005, as well as the balances of these notes receivable that will be collected within one year as of June 30, 2006, cannot be readily determined.

NOTE C - PROPERTY TAXES

DDA finances its general and administrative operations with the proceeds of a one-mill levy on the assessed value of the Downtown Development District. A portion of this fund has been designated by DDA's Board of Directors to meet existing contracts outstanding.

Effective July 1, 1978, DDA was authorized to finance its development plan by capturing the tax proceeds on the increases in the assessed value on real and personal property within the tax increment district located within the downtown development area. Funds raised from this levy are restricted for use within the tax increment district.

On July 19, 1978, DDA entered into an agreement with the Wayne County Board of Commissioners to exclude certain proceeds of the tax increment fund which have been previously designated for certain Wayne County operational and construction activities.

The City levies property taxes on July 1 of each year. Property taxes are due to the City on August 15 of each year, but may be paid in two installments, which are due on August 15 and December 31 of each year. Liens are assessed on unpaid taxes on July 1 of each year. The City remits collected property taxes to DDA in December and June of each year.

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**June 30, 2006 and 2005****NOTE C - PROPERTY TAXES (CONTINUED)**

Property taxes receivable and property tax advances as of June 30, 2006 and 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Tax increment district and one-mill levy taxes receivable	\$ 5,563,940	\$ 11,673,041
Less: Allowance for doubtful taxes receivable	<u>(46,845)</u>	<u>(46,845)</u>
Net Property Taxes Receivable	<u>\$ 5,517,095</u>	<u>\$ 11,626,196</u>
Tax increment district tax payments received in advance	<u>\$ 7,109,778</u>	<u>\$ 6,819,044</u>

The allowance for doubtful taxes receivable is based upon the historical uncollectible experience for total real and personal property tax assessments plus allowances for other specific accounts for which collection is uncertain.

In 1994, State of Michigan (the "State") voters passed Proposal A, which affected school property tax revenue. As a result, Tax Increment Plans are only allowed to capture school tax revenue to the extent necessary to cover existing debt service, and the excess must be returned to the State. An audit was completed by the State for the years ended June 30, 1995 through June 30, 2000, but an audit of subsequent years has not been completed as of June 30, 2006; therefore, an estimated allowance has been recorded for those years.

Property taxes recorded in the development and debt service funds for the years ended June 30, 2006 and 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Tax increment district revenue	\$ 31,479,450	\$ 27,673,992
Less:		
Provision for estimated future refunds	<u>-0-</u>	<u>(10,305,408)</u>
	<u>\$ 31,479,450</u>	<u>\$ 17,368,584</u>

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**June 30, 2006 and 2005****NOTE D - CAPITAL ASSETS**

Nondepreciable capital asset activity for the years ended June 30, 2006 and 2005 is as follows:

	<u>Land</u>
Balance, July 1, 2004	<u>\$ 7,544,670</u>
Balance, June 30, 2005	<u>7,544,670</u>
Balance, June 30, 2006	<u>\$ 7,544,670</u>

Depreciable capital asset activity for the years ended June 30, 2006 and 2005 is as follows:

	<u>Buildings</u>	<u>Equipment and Fixtures</u>	<u>Leasehold Improvements</u>	<u>Total</u>
Cost:				
Balance, July 1, 2004	\$ 26,623,623	\$ 150,218	\$ 50,000	\$ 26,823,841
Acquisitions		10,000		10,000
Balance, June 30, 2005	<u>26,623,623</u>	<u>160,218</u>	<u>50,000</u>	<u>26,833,841</u>
Balance, June 30, 2006	<u>\$ 26,623,623</u>	<u>\$ 160,218</u>	<u>\$ 50,000</u>	<u>\$ 26,833,841</u>
Accumulated Depreciation:				
Balance, July 1, 2004	\$ 1,165,005	\$ 102,728	\$ 23,958	\$ 1,291,691
Depreciation expense	887,454	16,105	1,250	904,809
Balance, June 30, 2005	<u>2,052,459</u>	<u>118,833</u>	<u>25,208</u>	<u>2,196,500</u>
Depreciation expense	887,454	16,224	1,250	904,928
Balance, June 30, 2006	<u>\$ 2,939,913</u>	<u>\$ 135,057</u>	<u>\$ 26,458</u>	<u>\$ 3,101,428</u>
Net Depreciable Capital Assets:				
Balance, June 30, 2005	\$ 24,571,164	\$ 41,385	\$ 24,792	\$ 24,637,341
Balance, June 30, 2006	<u>\$ 23,683,710</u>	<u>\$ 25,161</u>	<u>\$ 23,542</u>	<u>\$ 23,732,413</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**June 30, 2006 and 2005****NOTE E - DUE FROM CITY OF DETROIT**

DDA has a loan agreement with the City, under which DDA loans funds to the City to cover the Cobo Hall Expansion Project and operations of the Downtown People Mover System. The loan is unsecured and bears no interest, and will be repaid by the City as general operating funds become available. An allowance for this receivable is included in the allowance for doubtful notes receivable (see Note B) as of June 30, 2006 and 2005.

NOTE F - LAND CONTRACT RECEIVABLE

DDA entered into a land contract with Woodward Center, L.L.C., dated December 9, 1999 and amended February 13, 2001 and December 14, 2001, in which DDA sold several parcels of land for loft developments. Payment on the contract is due in full on or before August 1, 2007. No interest will be charged if payment is received in full by the due date.

NOTE G - OTHER ASSETS

Other assets as of June 30, 2006 and 2005 consist of land acquired, and options to acquire land, for the development of the following projects that are not part of DDA's regular operations:

	<u>2006</u>	<u>2005</u>
Land:		
Washington Boulevard	\$ 935,500	\$ 736,003
Woodward Avenue	3,884,734	-0-
Riverfront Residential Project	<u>9,250,000</u>	<u>9,250,000</u>
	14,070,234	9,986,003
Options to acquire land:		
Woodward Avenue	<u>-0-</u>	<u>35,000</u>
	<u><u>\$ 14,070,234</u></u>	<u><u>\$ 10,021,003</u></u>

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE H - LONG-TERM LIABILITIES

Long-term liabilities as of June 30, 2006 and 2005 consist of the following:

Contract Payable

The contract payable consists of amounts due to Amerivision Corporation under a UDAG used to partially finance development of the Trappers Alley Project. The Trappers Alley Project was financed in part with \$2,800,000 of UDAG funds received by the City and administered by DDA. The funds were originally loaned to the developer and are to be repaid, contingent upon cash flow, in installments over 40 years. The repayment proceeds will be used to liquidate DDA's obligation.

Bonds Contract Payable

The City and DDA have issued the following bonds:

Issued by the City on August 1, 1989 ("1989 bonds"):

Series 1989A tax-exempt bonds	\$ 15,225,000
Series 1989B taxable bonds	71,000,000
	<u>\$ 86,225,000</u>

Issued by DDA on April 18, 1996 ("1996 bonds"):

Series 1996A taxable bonds	\$ 75,014,000
Series 1996B tax-exempt bonds	13,330,000
Series 1996C tax-exempt bonds	64,883,198
Series 1996D tax-exempt bonds	14,185,000
	<u>\$ 167,412,198</u>

Issued by DDA on September 1, 1998 ("1998 bonds"):

Series 1998A tax-exempt bonds	\$ 68,900,000
Series 1998B taxable bonds	32,195,000
Series 1998C junior lien bonds	21,425,000
	<u>\$ 122,520,000</u>

The principal and interest on the bonds are primarily payable from, and secured by, certain incremental property tax revenues to be received by DDA from Development Area No. 1 within the downtown business district (see Note A).

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE H - LONG-TERM LIABILITIES (CONTINUED)Bonds Contract Payable

Payments on the bonds contract payable are made from the debt service fund under the general bond resolution.

A portion of the 1996 bond proceeds, \$87,996,800, was put into an escrow account to repay the 1989 bonds. A portion of the 1998 bond proceeds, \$65,124,175, was also put into an escrow account to repay the Series 1996C (partial refund) and the Series 1996D bonds. It is the escrow agent's responsibility for monitoring and making the required debt service payments on those bonds, which are no longer liabilities on DDA's financial statements.

Long-term liability activity for the years ended June 30, 2006 and 2005 is as follows:

	<u>Contract Payable</u>	<u>Bonds Contract Payable</u>		
		<u>Gross</u>	<u>Bond Discount</u>	<u>Net</u>
Balance, July 1, 2004	\$ 2,800,000	\$ 177,021,198	\$ 1,563,034	\$ 175,458,164
Less:				
Repayments		(10,548,000)		(10,548,000)
Amortization			(70,303)	70,303
Balance, June 30, 2005	2,800,000	166,473,198	1,492,731	164,980,467
Less:				
Repayments		(11,180,000)		(11,180,000)
Amortization			(70,303)	70,303
Balance, June 30, 2006	\$ 2,800,000	\$ 155,293,198	\$ 1,422,428	\$ 153,870,770
Amounts Due Within One Year:				
June 30, 2005	\$ -0-	\$ 11,180,000	\$ 70,303	\$ 11,109,697
June 30, 2006	\$ -0-	\$ 11,865,000	\$ 70,303	\$ 11,794,697

CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006 and 2005

NOTE H - LONG-TERM LIABILITIES (CONTINUED)

Maturities of long-term liabilities (excluding the bond discount) are as follows as of June 30, 2006:

<u>For the Years Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 11,865,000	\$ 11,191,927	\$ 23,056,927
2008	12,605,000	10,454,338	23,059,338
2009	11,995,000	12,187,627	24,182,627
2010	12,755,000	11,419,352	24,174,352
2011	18,030,000	6,132,340	24,162,340
2012-2016	23,926,463	50,542,936	74,469,399
2017-2021	28,418,097	43,529,867	71,947,964
2022-2026	22,443,638	49,232,875	71,676,513
2027-2029	16,055,000	2,248,818	18,303,818
	<u>\$ 158,093,198</u>	<u>\$ 196,940,080</u>	<u>\$ 355,033,278</u>

NOTE I - OTHER LIABILITIES

Other liabilities as of June 30, 2006 and 2005 consist of escrow deposits due to Leland House Limited Partnership Company. These deposits are utilized by DDA to pay tax and insurance obligations related to the Ramada/Leland Hotel project.

NOTE J - RISK MANAGEMENT

DDA has insurance policies covering its directors and officers. It also has general liability insurance and property insurance covering its various assets. At the request of the Board of Directors, DDA has obtained two excess general liability policies in addition to the original policy to ensure sufficient coverage. Due to the extent of insurance that DDA maintains, the risk of loss to DDA, in management's opinion, is minimal.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)

	2006				2005			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
Revenue:								
Property taxes	\$ 810,000	\$ 810,000	\$ 819,592	\$ 9,592	\$ 810,000	\$ 810,000	\$ 869,778	\$ 59,778
Other revenue	285,000	285,000	104,540	(180,460)	730,000	730,000	872,073	142,073
Total Revenue	1,095,000	1,095,000	924,132	(170,868)	1,540,000	1,540,000	1,741,851	201,851
Expenditures:								
Current:								
Administrative and operating expenses	2,070,000	2,070,000	1,916,520	153,480	2,270,000	2,270,000	1,963,600	306,400
Professional fees	365,000	365,000	381,040	(16,040)	355,000	355,000	404,434	(49,434)
Total Expenditures	2,435,000	2,435,000	2,297,560	137,440	2,625,000	2,625,000	2,368,034	256,966
Excess (Deficiency) of Revenue over Expenditures	(1,340,000)	(1,340,000)	(1,373,428)	(33,428)	(1,085,000)	(1,085,000)	(626,183)	458,817
Other Financing Sources (Uses):								
Interfund transfers	1,000,000	1,000,000	1,000,000	-0-	1,000,000	1,000,000	990,000	(10,000)
Net Increase (Decrease) in Fund Balance	\$ (340,000)	\$ (340,000)	\$ (373,428)	\$ (33,428)	\$ (85,000)	\$ (85,000)	\$ 363,817	\$ 448,817

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CITY OF DETROIT DOWNTOWN DEVELOPMENT AUTHORITY

**NOTE TO SCHEDULES OF REVENUE AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)**

For the Years Ended June 30, 2006 and 2005

NOTE A - BUDGETS AND BUDGETARY ACCOUNTING

The City of Detroit Downtown Development Authority ("DDA") establishes a budget that is reflected in the financial statements for the general fund. The budget is presented on the modified accrual basis of accounting.

Budgeted amounts are as presented to DDA's Finance Committee and approved by DDA's Board of Directors and the Detroit City Council. No amendments to the budget were made during the year. Appropriations are authorized by DDA's management. Unexpended appropriations lapse at the end of the fiscal year.